



United States  
Department of  
Agriculture

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# 2000 Annual Program Performance Report

OFFICE OF THE INSPECTOR GENERAL



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## OFFICE OF THE INSPECTOR GENERAL

### FY 2000 ANNUAL PROGRAM PERFORMANCE REPORT

USDA's Office of the Inspector General (OIG) was the first civilian OIG within the Federal Government, established in 1962. USDA/OIG currently operates under the authority established with the enactment of the Inspector General Act of 1978 (P.L. 95-452) and its 1988 amendment.

OIG's mission is to conduct and supervise audits and investigations to prevent and detect fraud and to improve the effectiveness of USDA programs by recommending changes that will increase efficiency and reduce wasteful and fraudulent activities.

In FY 2000, OIG issued 110 audit reports and 553 investigative reports. We reached an agreement with agency management on corrective actions to be taken on 103 audit reports, which depicted findings with questioned and unsupported costs and loans that totaled \$91.7 million. We also reported \$267.5 million in funds that could be put to better use. Investigations' casework resulted in 481 indictments, 459 convictions, and total monetary results from fines, penalties, restitutions, and recoveries of \$175.9 million.

More information regarding OIG's operation can be found in the OIG Strategic and Annual Performance Plans. Only Federal employees were involved in the preparation of this report.

The following table provides summary information on OIG's achievement of FY 2000 Performance Goals.

OIG PERFORMANCE SUMMARY				
Strategic Goal/Management Initiatives	FY 2000 Performance Goals	1999 Actual	2000 Target	2000 Actual
Goal 1: Promote economy, efficiency, and effectiveness in the administration of USDA programs and operations.	Audit and investigate the most significant programs or areas identified in OIG's planning process. Annually assess the planning process to gauge the goal by retroactively comparing what was planned against work that was initiated and completed during the year.	74%	70%	65%
	Percentage of audits in the Annual Performance Plan for which work was initiated during the year.	88%	85%	85%
	Promote economy, efficiency, and effectiveness of USDA programs by recovering costs, putting funds to better use, and avoiding costs. Measure monetary results of audits and investigations to verify that minimum target levels are achieved in terms of questioned or unsupported costs and loans, funds to be put to better use, recoveries, and/or cost avoidances (dollars in millions).	\$445	\$300	\$536

OIG PERFORMANCE SUMMARY				
Strategic Goal/Management Initiatives	FY 2000 Performance Goals	1999 Actual	2000 Target	2000 Actual
Goal 2: Promote USDA's conformity with the applicable principles, standards, and related requirements by fostering improvements in financial systems and financial reporting, which will enhance the Department's fulfillment of its fiduciary responsibilities.	Foster improvements in financial systems and financial reporting by timely issuing financial statement audits. Percentage of financial statement audits issued by March 1.	42%	100%	100%
	Reduce noncompliance with the applicable principles, standards, and related requirements in the Department's financial systems and financial reporting. Monetary results of financial statement adjustments (dollars in billions).	\$10.54	\$5.00	\$35.28
	Number of recommendations to strengthen financial controls and foster compliance with laws and regulations.	49	50	78
Goal 3: Promote program integrity by detecting criminal activity involving USDA programs and personnel.	Investigation of fraud within USDA programs. Number of fraud investigation reports issued.	515	500	553
	Percentage of total reported fraud investigations resulting in criminal prosecutions.	42%	44%	46%
	Percentage of total reported fraud investigations resulting in fines, penalties, recoveries, restitutions, cost avoidances, and other payments.	56%	55%	56%
	Investigation of allegations involving the integrity of USDA employees. Number of employee misconduct investigation reports issued.	40	50	55
	Percentage of total reported employee misconduct investigations resulting in corrective or disciplinary actions.	100%	60%	58%

**Goal 1:** Promote economy, efficiency, and effectiveness in the administration of USDA programs and operations.

**Objectives:** (1) Identify the most significant programs or areas for audit and investigation and allocate resources accordingly and (2) devote audit and investigative resources in the areas identified.

#### Key Performance Goals

Audit and investigate the most significant programs or areas identified in OIG's planning process.  
Annually assess the planning process to gauge the goal by retroactively comparing what was planned against work that was initiated and completed during the year.  
Target: 70%  
Actual: 65%

Percentage of audits in the Annual Performance Plan for which work was initiated during the year.

Target: 85%

Actual: 85%

Promote economy, efficiency, and effectiveness of USDA programs by recovering costs, putting funds to better use, and avoiding costs.

Measure monetary results of audits and investigations to verify that minimum target levels are achieved in term of questioned or unsupported costs and loans, funds to be put to better use, recoveries, and/or cost avoidances (dollars in millions).

Target: \$300

Actual: \$536

**2000 Data:** The 2000 data is final and reliable. The information on the number of assignments started and completed and those started but not necessarily completed during the fiscal year were derived from our Consolidated Assignments, Personnel Tracking, and Administrative Information Network (CAPTAIN). Reports to accumulate the information for these performance measures have been developed and tested within CAPTAIN to ensure their accuracy. The information on the dollar impact of OIG's work is also derived from this system and reported in OIG's Semiannual Report to Congress.

**Analysis of Results:** The first performance goal was partially met. OIG selected the first performance indicator within this goal to measure the number of audits in our Annual Performance Plan that were started and completed to demonstrate the effectiveness of OIG's planning process in assessing the needs of the Department, Congress, and the public. While OIG has to remain flexible in order to address unexpected events that may require the use of its resources, we must also be able to anticipate where our services can provide the maximum benefit and plan to allocate resources accordingly. In FY 2000, although we did not achieve the target of completing 70 percent of all assignments included in our OIG Annual Performance Plan, we came within 5 percent of the target. We believe this demonstrates that OIG has an effective data collection process for determining where to apply our resources and has exercised good management control in allocating resources. Our target was set at 70 percent in recognition of the fact that unpredictable events requiring the use of our resources make it impossible to complete 100 percent of the work included in our Annual Performance Plan. Work in the Plan may also be started and suspended or terminated if it is determined that a potential assignment will not produce anticipated beneficial results or is superseded by higher priorities. Although we did not achieve the 70 percent target, we believe our 65 percent completion level still demonstrates that OIG exercised effective planning strategies in FY 2000.

The second performance target under our first performance goal was met. This indicator is directed toward measuring the percentage of assignments initiated in FY 2000, which, while still active, have not been completed during the fiscal year, as well as those that have been started and completed. This measure is impacted by the utilization of our resources, to some extent, to complete assignments stemming from events that cannot be anticipated. We projected a target of initiating work on at least 85 percent of the planned assignments and successfully achieved that target. This measure demonstrates the soundness of OIG's planning, scheduling, and initiation of reviews of essential areas. This comprehensive level of coverage makes OIG a valuable information resource to the Secretary, Congress, and the public.

The second performance goal was met. This goal was selected in recognition of the fact that a primary residual of OIG's analyses of economic events generated cost savings, recoveries, or prospective monetary benefits. We also performed legislatively mandated work, such as financial statement audits, that does not yield a recoverable savings but is nevertheless vital to the Department. Our target for FY 2000 was to identify at least \$300 million in costs, which could be recovered, put to better use, or avoided. We significantly exceeded this target by identifying a total of \$536 million in such costs.

**Current Fiscal Year Performance:** As we have exceeded our targets for most of the performance goals under this strategic goal, we do not plan to change our methods, policies, or anticipated levels of performance for the current fiscal year.

**Program Evaluations:** We conducted quality assurance reviews throughout the year to ensure that our work was up to standards, but no specific program evaluations were conducted in this fiscal year.

**Goal 2:** Promote USDA's conformity with the applicable principles, standards, and related requirements by fostering improvements in financial systems and financial reporting, which will enhance the Department's fulfillment of its fiduciary responsibilities.

**Objective:** Identify system, control, or compliance weaknesses, which preclude the safeguarding and accountability over funds, property, and other assets.

### Key Performance Goals

Foster improvements in financial systems and financial reporting by timely issuing financial statement audits.

Percentage of financial statement audits issued by March 1.

Target: 100%

Actual: 100%

Reduce noncompliance with the applicable principles, standards, and related requirements in the Department's financial systems and financial reporting.

Monetary results of financial statement adjustments (dollars in billions).

Target: \$5

Actual: \$35.3

Numbers of recommendations to strengthen financial controls and foster compliance with laws and regulations.

Target: 50

Actual: 78

**2000 Data:** We are confident that the data provided in support of the above performance measures are accurate and reliable. The information was obtained through reports generated by our CAPTAIN system and by direct reference to the financial statement audit reports prepared by OIG.

**Analysis of Results:** The first performance goal was met. OIG achieved 100 percent of the target for the first performance goal in that we issued all required financial statement audit reports on all of the assessable mission areas and agencies within USDA by March 1, 2000. We did note that one financial statement audit report was not issued within this timeframe. It was not included within the scope of our target measurement because the Office of Management and Budget granted a waiver to the Commodity Credit Corporation (CCC) from having to meet the March 1, 2000, deadline. The audit report on CCC's financial statements for FY 1999 was ultimately issued on July 13, 2000.

Our second performance goal was met. Our target for our first indicator under this goal was to identify at least \$5 billion in such necessary adjustments based on empirical data. We actually identified \$35.3 billion in adjustments. We believe that the Department is in a period of extraordinary transition in terms of its accounting and financial management systems and that complexities involved in this process, as well as the implementation of evolving guidance from regulatory bodies, have been responsible for the extraordinary amount of adjustments. New systems are being implemented that fulfill governmental accounting requirements and standards. While this bodes well for the future, it carries near-term exposure to substantial misstatements while "bad data"--unsupported information long retained in the current systems--are converted to the new. Although the amount of misstatements should ultimately decline, it is incumbent upon OIG to identify and report on any irregularities that may emanate from the conversion.

Our target for the second indicator under this performance goal was to provide at least 50 recommendations in our financial statement audit reports to strengthen financial controls and foster compliance with laws and regulations. We exceeded our target by providing 78 such recommendations in FY 2000, demonstrating the continued need for OIG's involvement in this area. We anticipate that the successful implementation of these recommendations will reduce the number of such recommendations in ensuing fiscal years as compliance with the applicable principles, standards, and related requirements within the Department improves. The ultimate positive outcome of this effort should be the ability of OIG to provide unqualified audit opinions on all of the Department's financial statements. The audit report on CCC's financial statements for FY 1999 was ultimately issued on July 13, 2000. We believe our performance under this goal continues to represent a significant achievement, as it reflects a high level of cooperation and interaction between OIG and USDA mission areas and agencies on very technical issues.

**Current Fiscal Year Performance:** We believe the significant results generated by the performance measures under this strategic goal emphasize the need to continue to monitor and report on our progress in achieving the current performance goals. Therefore, we do not anticipate making any changes in the performance goals or target levels in the current fiscal year.

**Program Evaluations:** We conducted quality assurance reviews throughout the year to ensure that our work met appropriate standards, but no specific program evaluations in this area were conducted during FY 2000.

**Goal 3:** Promote program integrity by detecting criminal activity involving programs and personnel.

**Objectives:** (1) Identify and respond to potential criminal violations impacting the Department, (2) identify potential misuse of USDA funds, and (3) identify instances of serious USDA employee misconduct.

#### Key Performance Goals

Investigation of fraud within USDA programs.
Number of fraud investigation reports issued.
Target: 500
Actual: 553
Percentage of total reported fraud investigations resulting in criminal prosecutions.
Target: 44%
Actual: 46%
Percentage of total reported fraud investigations resulting in fines, penalties, recoveries, restitutions, cost avoidances, and other payments.
Target: 55%
Actual: 56%
Investigation of allegations involving the integrity of USDA employees.
Number of employee misconduct investigation reports issued.
Target: 50
Actual: 55
Percentage of total reported employee misconduct investigations resulting in corrective or disciplinary actions.
Target: 60%
Actual: 58%

**2000 Data:** The 2000 data are final and reliable. The information for the fiscal year was derived from CAPTAIN, which contains both program and performance data that are updated daily. Reports to accumulate the information for these performance measures have been developed and tested within CAPTAIN to ensure accuracy.

**Analysis of Results:** OIG met and exceeded the performance goals involving investigation of fraud within USDA programs. The first performance goal involving the number of reports of investigation issued was exceeded by 53 reports. OIG also met and exceeded the second and third performance goals involving the percentage of total fraud investigations resulting in criminal prosecutions and total reported fraud investigations resulting in fines, penalties, recoveries, and other payments. The increased results reveal that our investigative efforts continue to identify criminal activity associated with contaminated food, misbranded products, uninspected meat or other products, or items smuggled into the United States containing unwanted and unsafe pests. Primarily, our objectives are to identify and respond to potential crimes impacting USDA and to identify potential misuse of its funds. Our investigative focus continues to be in the areas of food safety, public health, and consumer protection.

OIG also continues to focus on identifying instances of serious USDA employee misconduct. OIG met and exceeded the fourth performance goal involving the number of employee misconduct reports issued by five reports. Although we did not meet the fifth performance goal involving the percentage of total reported employee misconduct investigations resulting in corrective or disciplinary actions, we came within 2 percentage points of the goal. These results reflect that OIG is addressing employee integrity violations and misconduct actions. OIG is concerned by occurrences of corruption within USDA ranks and continues to dedicate resources to employee investigations to reduce corruption and criminal activity.

**Current Fiscal Year Performance:** In the FY 2001 Annual Performance Plan, the performance goals were expanded to include the broader category of criminal investigations instead of the more narrow focus of fraud investigations. The goals were refined to reflect the investigative activities on criminal violations involving USDA programs and personnel. We do not plan to revise our investigative criteria for initiating investigations and will continue to review future performance targets for the projected number of investigations to be conducted to reflect funding allocation.

**Program Evaluations:** OIG has an ongoing evaluation program to ensure the investigation program is effective and to allocate resources in order to maximize productivity and investigative operations. The scope of investigative work has been expanded from focusing on fraud investigations to the broader category of criminal investigative activities. OIG does not focus strictly on violations involving only fraud.